

STATE OF NEW JERSEY — DEPARTMENT OF THE TREASURY  
DIVISION OF PENSIONS AND BENEFITS  
P.O. BOX 295  
TRENTON, NJ 08625-0295

**JUDICIAL RETIREMENT SYSTEM  
LOAN APPLICATION**

**Loan Information - (609) 292-5175**

---

**Frequently Asked Questions**

---

***When can I borrow?***

You must have at least three years of pension membership credit posted to your pension account. Pension credit is posted to your account on a quarterly basis, normally 45 days after the end of each quarter. For example, if you enrolled in the pension fund on January 1, 2003, you would have three years posted to your account by March 2004.

You can borrow from your pension account two times within a calendar year. It is not necessary to pay off an existing loan before taking another loan. The interest rate is 4 percent per year on the unpaid balance of the loan.

***How much can I borrow?***

Loans are made in multiples of ten dollars. The minimum loan amount is \$50. The maximum is one-half of the contributions you have in your account up to \$50,000.

Like service credit, the Division of Pensions and Benefits posts quarterly contributions to your pension account approximately 45 days after the end of each quarter. Members who want to borrow the maximum amount available often wait until the quarterly posting to enable them to borrow more.

***What will be the repayment schedule?***

Loans are repaid through payroll deductions. The minimum deduction is set by law at 3 percent of base salary. Some members with large outstanding loan balances could be required to pay more than the minimum deduction due to Internal Revenue Service requirements that the loan repayment period cannot exceed five years. You can request a repayment larger than the minimum deduction, however, the deduction cannot exceed 25 percent of your base salary.

**Effective with loans taken after January 1, 2004, new IRS regulations require that members who have multiple loans outstanding must repay the balance of all loans taken within a period not to exceed 5 years from the issuance of the first loan taken after January 1, 2004.**

***What are the tax implications if I fail to pay my loan?***

Internal Revenue Code Section 72(p) regulations stipulate that if regular payments are not made on pension loans, the loan is considered a taxable distribution to the member. For more information see the back page of the Loan Application.

**READ THESE INSTRUCTIONS CAREFULLY  
BEFORE COMPLETING THE ATTACHED APPLICATION.**

**COMPLETE ITEMS 1 THROUGH 5**

Items 1 through 5 must be completed. We suggest you have your check mailed to your home address instead of work. Loan checks must be mailed and cannot be picked up at the Division of Pensions and Benefits.

**COMPLETE STEPS 1 THROUGH 2**

**STEP 1 - REQUESTING THE LOAN AMOUNT:** Loans are made in multiples of \$10 and may not exceed 50 percent of your total contributions. No loan may be less than \$50, and your loan balance may not exceed \$50,000. If the amount of the loan requested, when added to your existing loan balance, exceeds \$50,000, you will be issued a check for the difference between your loan balance and \$50,000. The Division will notify you if the requested loan amount will cause the loan balance to exceed the \$50,000 limit. If you have a question regarding loans, call the Judicial Retirement System Administrator at **(609) 292-5175**.

**STEP 2 - REPAYMENT:** You can specify whether you wish to have the minimum payment, have your loan paid off by a specific date, or pay more than the minimum deduction. If a box is not selected, your loan repayment schedule will be set automatically to the minimum payment for no more than a five-year period. Your minimum repayment must be equal to or greater than biweekly base salary multiplied by your full rate of pension contribution — 3 percent. You cannot repay less than the minimum amount. If you choose to pay more than the minimum, your repayment may not exceed 25 percent of your base salary.

Loans have a maximum repayment schedule of five years. Members with large existing loan balances who take a new loan will likely see an increase in their loan deduction because the loan could not be repaid within the five year maximum if paid at the normal minimum deduction. Also, if the required loan deduction exceeds 25 percent of your base salary for the amount you want to borrow, you will be issued a loan in a smaller amount than you requested. (See “IRS Requirements” on the reverse side of the *Loan Application*.)

**If you are not satisfied with the check amount or the payment schedule, the uncashed loan check can be returned. BY CASHING THE LOAN CHECK YOU ARE AGREEING TO THE TERMS AND CONDITIONS OUTLINED ON THE REVERSE SIDE OF THE *LOAN APPLICATION*.**

**SIGN THE APPLICATION**

Prior to signing your application, be sure to read the “Loan Provisions” and “IRS Requirements” on the back page. **Unsigned applications will not be processed.**

**EMPLOYER CERTIFICATION**

The bottom portion of the application is to be filled out by your employer **ONLY** if you have been out of work without pay for two weeks or more within the last six months. If you are unsure, please contact your Judges Benefits Aides.

**State of New Jersey — Department of the Treasury**  
**Division of Pensions and Benefits**  
 PO Box 295, Trenton, NJ 08625-0295



**JUDICIAL RETIREMENT SYSTEM**  
**LOAN APPLICATION**

Please print all information.

1. **Membership # or Social Security #** \_\_\_\_\_
2. **Name** (First, Middle Initial, Last) \_\_\_\_\_
3. **Mailing Address** (Street) \_\_\_\_\_ (Apt. No.) \_\_\_\_\_  
 (City, State, ZIP Code) \_\_\_\_\_ If new address, check here ☐
4. **Date of Birth** \_\_\_\_\_
5. **Daytime Telephone No.** (        ) \_\_\_\_\_

**STEP 1 — LOAN AMOUNT — Please check *ONE* of the following boxes:**

- ☐ I want to borrow the MAXIMUM amount.
- ☐ I do not want to borrow the maximum amount. I want to borrow (SPECIFY AMOUNT) \$ \_\_\_\_\_

**STEP 2 — REPAYMENT — Please check *ONE* of the following boxes:**

- ☐ I want to repay the MINIMUM amount.      ☐ I want to repay the loan by (SPECIFY DATE) \_\_\_\_\_
- ☐ I want to pay MORE than the minimum repayment (SPECIFY AMOUNT) biweekly: \$ \_\_\_\_\_  
 Payment amount cannot exceed 25% of your base salary.

I agree to comply with the repayment terms and conditions which are in accordance with federal guidelines. Should I fail to make required repayments, the unpaid balance will be considered a distribution from my retirement account subject to the distribution rules under Section 72(p) of the Internal Revenue Code (*see reverse side*). I certify that I am an actively contributing member and currently receiving a salary.

\_\_\_\_\_  
 Signature of Member (Required)

\_\_\_\_\_  
 Date

**JUDICIARY - 750**

**If you have been out of work without pay within the last six months, please have your EMPLOYER certify the following information before submitting your loan application.**

Date Member Returned to Payroll \_\_\_\_/\_\_\_\_/\_\_\_\_ Current Salary \$ \_\_\_\_\_

Amount of Loan Contributions  
 submitted since return: \$ \_\_\_\_\_

Signature of Certifying Officer \_\_\_\_\_

*Continued on reverse side.*

## LOAN PROVISIONS

- Interest rate is four percent per annum on the declining balance of the loan.
- To be eligible, you must be an actively contributing member of the Judicial Retirement System.
- To be eligible, you must have three years of contributing membership POSTED to your account. (This usually occurs three years and two months after enrollment.)
- **You are allowed only two loans in any calendar year.**
- If you retire with an outstanding loan balance, you have the option to pay-off the outstanding loan balance **in its entirety** or to repay the loan through deductions from your retirement allowance until the balance of the loan **together with interest** is repaid. Payments will be the monthly equivalent of the amount deducted from your compensation immediately before retirement.
- If you die before the outstanding loan balance with interest has been recovered, the remaining balance will be repaid from the proceeds of any other benefit payable to your beneficiary(ies) including group life insurance or monthly payments.

## INTERNAL REVENUE SERVICE (IRS) REQUIREMENTS

Loan balances cannot exceed \$50,000 and must be repaid within five years. **Effective with loans taken after January 1, 2004, new IRS regulations require that members who have multiple loans outstanding must repay the balance of all loans taken within a period not to exceed 5 years from the issuance of the first loan taken after January 1, 2004.** Since this is a federal regulation, neither the Boards of Trustees nor the Division of Pensions and Benefits has the authority to waive or delay the application of this provision.